



Ninety-Seventh Legislature - First Session - 2001
Introducer's Statement of Intent
LB 600

Chairperson: Senator William R. Wickersham
Committee: Revenue
Date of Hearing: February 8, 2001

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Currently, agricultural land valuations are determined by 80% of its presumed market value. There are many outside influences driving up the market value of agricultural and horticultural land in the entire state. This has placed an undue burden on agricultural and horticultural land. One of the tax canons is that taxes are to be based on the ability to pay. LB 600 changes the agricultural and horticultural land valuation system to an income-based system.

The beginning of the bill provides intent language. This intent language shows that the encouragement and support of agriculture and horticulture in Nebraska is a rational state policy. It also shows the constitutional basis for the income-valuation system: Article VIII, section 1, subsections (4) and (5). Also, it is the intent that those counties that have adopted a comprehensive land-use plan shall continue to have the authority to modify those plans. Additionally, the "greenbelt recapture" provision remains unchanged.

Under an income-based system, land used primarily for agricultural or horticultural purposes will be valued by the earning or productive capacity of comparable lands from crops grown most typically in the area as calculated by a capitalization rate. Productive capacity is the estimate established by each soil type as published by the United States Department of Agriculture Natural Resources Conservation Service. The earning capacity is determined by the landowner's cash or crop share return over the last 3 years as determined by the Property Tax Administrator after consultation with, and advisement from, the Greenbelt Advisory Committee. The capitalization rate will be the rate established by the Property Tax Administrator under the advisement of the Greenbelt Advisory Committee.

The definitions provided for farm home sites, farm sites, and land devoted to agriculture remain essentially unchanged. Farm home sites and land used for grazing of animals kept primarily for personal use will be valued the same as residential property. Farm sites are valued on an income basis. Unimproved parcels of less than 10 acres will be valued on an income basis if the parcels are used to produce crops, animals or are in a cropland retirement program. Agricultural or horticultural land includes land retained under a conservation easement as provided in the Conservation and Preservation Easements Act and land enrolled in a federal or

state program. However, land used primarily for recreational purposes or suburban residential acreage shall not be valued as agricultural land.

In cases where the designation of agricultural or horticultural land valuation is removed as a result of a sale or transfer, such land is subject to the greenbelt recapture provision.

Principal Introducer:

Senator George Coordsen